

DOCKET SECTION

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

RECEIVED
MAR 3 4 26 PM '98

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE (OCA/USPS-120-125)

The United States Postal Service hereby provides responses to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-120-125, filed on February 17, 1997.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Rate-making



Scott L. Reiter

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2999; Fax -5402
March 3, 1998

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-120. Please provide the Postal Service budget numbers for total Postal Service expenses, revenues and volumes, by accounting periods, for FY 1998 of the type which are referenced by the Chief Financial Officer in his earnings expense, revenue and volume comparisons during presentations at public meetings to the Board of Governors.

RESPONSE:

A copy of the FY 1998 operating plan is attached. Please note that the FY 1998 operating budget is not comparable to the Docket R97-1 rate filing because of timing differences. In particular, the Docket R97-1 FY 98 estimate was hypothetical in nature, assuming that new rates were implemented on October 1, 1997, while the FY 98 operating budget assumed that new rates would not be effective until the fourth quarter of FY 1998.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-121. Please provide the current Postal Service budget estimates for total Postal Service expenses, revenues and volumes by accounting periods, for FY 1999 comparable to those requested in OCA/USPS-120. Please indicate the assumptions regarding the effective date, if any, of the present rate request in this Docket No. R97-1.

RESPONSE:

The FY 99 operating budget, which allocates expenses, revenues, and volumes by accounting period, has not yet been developed.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-122. Please provide the current Postal Service estimate of net income for FY 1998. Please indicate the assumptions regarding the effective date of any rate increase during the period.

RESPONSE: The Postal Service's FY 98 operating budget continues to reflect a net loss of \$228 million. This assumes that the rates requested in this filing are implemented during quarter four.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-123. Please provide the current Postal Service estimate of net income for FY 1999. Please indicate the assumptions regarding the effective date of any rate increases and their amount during the period.

RESPONSE: The Postal Service's most recent formal estimate of FY 1999 net income, as reflected in the FY 1999 President's Budget, is \$625 million. The President's Budget estimate assumes that the new rates requested in this Docket will be effective during the fourth quarter of FY 1998.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-124. Please refer to Table 53 in witness Tayman's testimony, USPS-T-9 at 42 in which he indicates the prior years' losses on September 30, 1996, were \$5,657,952 and his testimony at Tr. 9/4593 that net income would be applied to reduce the past year losses by a like amount.

- a. Please confirm that the 1997 net income reported in the Postal Service's annual report of \$1.264 billion reduced the past year losses account by a like amount.
- b. Please provide the current account balance for Postal Service prior year losses and state how it was calculated, including any other adjustments starting with the balance at the beginning of 1997.

RESPONSE:

- a. Confirmed.
- b. The information requested has already been provided as an attachment to the Postal Service's response to Notice of Inquiry No. 5.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-125. The Postal Service's Daily News Digest, Thursday, January 22, 1998, includes a portion of the "Friday Report" for January 16, 1998, stating the Postal Service "is now showing a \$731 billion profit in the first half of their 1998 fiscal year." Does the Postal Service currently estimate at least a \$731 billion profit in the first half of its 1998 fiscal year? If not, please explain and state what profit the Postal Service is currently estimating for the first half of its FY 1998.

RESPONSE: As reflected on the attachment to OCA/USPS-120, planned net income through accounting period six is \$949 million, not \$731 billion as reported in the "Friday Report". As information, the Postal Service reported a net income of \$731 million through the end of accounting period 2 of Postal Fiscal Year 1998.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

A handwritten signature in cursive script, appearing to read "Scott L. Reiter", is written over a horizontal line.

Scott L. Reiter

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
March 3, 1998